



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

TO: The Commission

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SUBJECT: MUR 7221 (Mepco Holdings, LLC, *et al.*)  
Abeyance of Investigation

**I. Introduction**

This matters regards a *sua sponte* submission by Mepco Holdings, LLC ("Mepco"), its parent company, former Mepco CEO James Laurita, Jr., and other company executives reporting that corporate Mepco funds were used to reimburse the executives for federal and state political contributions.<sup>1</sup> In March 2017, the Commission found reason to believe that Respondents violated the Federal Election Campaign Act of 1971, as amended (the "Act"), by making the reimbursements and commenced an investigation. Subsequent to the Commission's findings, Laurita was indicted by a federal grand jury in connection with the reimbursement scheme. At this juncture, all Respondents have indicated that they are willing to provide any additional statements or information voluntarily only after Laurita's trial is over. We recommend that the Commission, in exchange for tolling from each Respondent, hold the investigation in abeyance for a period of 90 days, or until the conclusion of Laurita's trial, whichever occurs first.

**II. Background**

The First General Counsel's Report in this matter was circulated to the Commission in

<sup>1</sup> Submission of Mepco Holdings, LLC and Longview Intermediate Holdings C, LLC (Nov. 17, 2013). A number of the company executives joined after Mepco made the original submission. Submission of Karen Hughes, Brian Osborn, Kevin O'Dell, Steven Polce, and Richard Usery (Jan. 29, 2014) ("Co-Executive Submission"); Submission of James Laurita (Sept. 24, 2014) ("Laurita Submission"). See also Resp. of Kent Lindsay and Eric Grimm (Jan. 9 2016).

1 October 2014, but consideration of the recommendations was delayed for approximately two  
2 years pending a parallel criminal investigation of the reimbursements. With one exception,  
3 Respondents tolled the statute of limitations during this period of delay.<sup>2</sup>  
4  
5

6 Thereafter, on March 7, 2017, the Commission found reason to  
7 believe that R. Kevin O'Dell, Brian M. Osborn, Steven B. Polce, Richard Usery, Eric Grimm,  
8 Kent Lindsay, and Christopher Stecher violated 52 U.S.C. § 30122 and that James Laurita, Jr.  
9 and Karen Hughes knowingly and willfully violated 52 U.S.C. § 30122.<sup>3</sup> The Commission also  
10 found reason to believe that Mepco Holdings, LLC, and Mepco, LLC violated 52 U.S.C. §§  
11 30122 and 30116.<sup>4</sup> At that time, the Commission commenced an investigation to determine the  
12 scope of the reimbursement scheme, the level of involvement of particular individuals, and  
13 which violations may have been knowing and willful.

14 Since finding reason to believe and commencing its investigation, the Commission has  
15 received responses from each of the respondents and additional documents from Mepco.<sup>5</sup> In  
16 addition, the Commission has received responses to informal requests for information from each  
17 respondent other than Laurita.<sup>6</sup>

18 After extensive discussion with Laurita's counsel regarding information requested from  
19 Laurita as part of the investigation, Laurita's counsel notified us that an overlapping criminal  
20 investigation by the U.S. Attorney for the Northern District of West Virginia had advanced and  
21 that grand jury subpoenas had been issued. As a result, counsel stated that Laurita will refuse to  
22 produce documents until the criminal matter is resolved.<sup>7</sup> Similarly, though we had been in the  
23 process of scheduling interviews and/or depositions with the other current and former officers of  
24 Mepco, their counsel explained that because they were potential witnesses in the criminal case

<sup>2</sup> We did not receive any tolling from one executive, Christopher Stecher, during this period of delay. Stecher did not join in the submission but was notified of potential violations. He did not respond to the Commission's original notification and, therefore, we did not obtain tolling from him during this initial period of delay.

<sup>3</sup> Certification, Pre-MUR 567 (MUR 7221) (Mar. 7, 2017).

<sup>4</sup> *Id.*

<sup>5</sup> James Laurita, Jr. RTB Resp. (May 5, 2017); Karen Hughes RTB Resp. (May 5, 2017); R. Kevin O'Dell RTB Resp. (May 5, 2017); Brian M. Osborn RTB Resp. (May 5, 2017); Steven B. Polce RTB Resp. (May 5, 2017); Richard Usery RTB Resp. (May 5, 2017); Eric Grimm RTB Resp. (May 5, 2017); Kent Lindsay RTB Resp. (May 5, 2017); Christopher Stecher RTB Resp. (May 5, 2017); Mepco RTB Resp. (May 12, 2017).

<sup>6</sup> Letter from Bridget O'Connor to Jin Lee (Apr. 4, 2017); Karen Hughes Resp. to Request for Information (August 17, 2017); R. Kevin O'Dell Resp. to Request for Information (August 17, 2017); Brian M. Osborn Resp. to Request for Information (August 17, 2017); Steven B. Polce Resp. to Request for Information (August 17, 2017); Richard Usery Resp. to Request for Information (August 17, 2017); Eric Grimm Resp. to Request for Information (August 17, 2017); Kent Lindsay Resp. to Request for Information (August 17, 2017); Christopher Stecher Resp. to Request for Information (August 17, 2017); Letter from Bridget O'Connor to Nicholas Mueller (August 3, 2017).

<sup>7</sup> Letter from William J. Farah to Nicholas Mueller (Sept. 7, 2017).

1 against Laurita, they were willing to participate in interviews only after the trial concluded.<sup>8</sup>  
2 Counsel for Mepco has also indicated that based upon prior conversations with DOJ, she thought  
3 it would be prudent to wait until the conclusion of the trial before making additional statements  
4 about the matter.<sup>9</sup>

5 Laurita was indicted on September 19, 2017.<sup>10</sup> His trial was originally set for November  
6 2017 but due to the high volume of documents produced in discovery, the trial has been  
7 continued until January 29, 2018.<sup>11</sup>

8 Without additional tolling, the statute of limitations will begin to run on violations by  
9 each of the respondents, with the exception of Christopher Stecher, in June 2018 and expire by  
10 August 2021. The statute of limitations for violations by Stecher will expire on January 19,  
11 2018.<sup>12</sup>

### 12 III. Discussion

13 Under these circumstances, we believe it is prudent to hold the Commission's  
14 investigation in abeyance. In exchange for abating the matter, we intend to seek additional  
15 tolling from all of the respondents. By delaying the investigation until after the trial, the  
16 Commission will likely have access to additional information including testimony and other  
17 evidence produced at trial, in addition to the promised continued cooperation of respondents  
18 without resorting to compulsory process.

19 We therefore recommend that the Commission hold the investigation in abeyance until  
20 the conclusion of the criminal trial of James Laurita, Jr. in exchange for additional tolling.

### 21 RECOMMENDATION:

22 Hold MUR 7221 in abeyance for a period of 90 days, or until the conclusion of the  
23 related criminal trial of James Laurita, Jr., whichever comes first, contingent upon each  
24 Respondent entering into an agreement to toll the statute of limitations for the duration of the  
25 abatement.

<sup>8</sup> Mem. to File re: Teleconference with Zachary Parks (Oct. 23, 2017).

<sup>9</sup> Mem. to File re: Teleconference with Bridget O'Connor (Dec. 20, 2017).

<sup>10</sup> Indictment, *United States of America v. Laurita*, No. 1:17-CR-00051 (N.D.W.V. Sept. 19, 2017).

<sup>11</sup> Order Granting Unopposed Mot. to Continue Trial and Am.'g Schedule, *United States of America v. Laurita*, No. 1:17-CR-00051 (N.D.W.V. Oct. 11, 2017).

<sup>12</sup> See *supra* n. 2. After Stecher eventually responded, we obtained two tolling agreements totaling 120 days.